

GOVERNMENT OF TELENGANA
ABSTRACT

Irrigation & CAD Department- TSWRIDCL- Approval of the terms and conditions for the additional loan sanctioned by the REC Ltd. to TSWRIDCL for an amount of **Rs.3514.67 Crs** towards variation in considering Allied civil works of EM & HM works, GST, price escalation and change in scope for the items for IFFC, Devadula& SRLIP –Accorded-Orders- Issued.

.....

IRRIGATION & CAD (PROJECTS-III) DEPARTMENT

G.O.Rt.No. 291

Date:29-11-2020
Read the following:

1. G.O.Ms.No.20 Irrigation & CAD (Proj-III) Dept. Dt. 31.03.2018
2. G.O.Rt.No.1037, I&CAD (ProJ.-III) Dept., Dated:21-08-2018
3. Government Letter No.8913/ Projects-III/ A2/ 2020 Dated: 13.10.2020
4. From the Managing Director, TSWRIDCL, Letter No. MD/ TSWRIDCL/ HYD/ PS/262/2020, Dt.28-11-2020

ORDER:

In the reference 1st read above, Government have constituted a Special Purpose Vehicle (SPV) in the name of Telangana State Water Resources Infrastructure Development Corporation Limited (TSWRIDCL) to plan, appraise, evaluate, manage , envisage for effective utilization of Godavari Water by way of construction of dams, tunnels, canals, lift systems, reservoirs for its various projects including Sita Rama Lift irrigation Project (SRLIP), J.C.R Devadula Lift Irrigation Scheme (JCRDLIS)-Kanthanapally Project, Flood Flow Canal (FFC) projects.

2. In the reference 2nd Read above, orders were issued to accord permission to the Managing Director, TSWRIDCL to borrow the loan amount of Rs.10,001.61 Crs from Rural Electrification Corporation (REC) Ltd., and approved the terms and conditions of loan sanctioned by the Rural Electrification Corporation Ltd.

3. In the reference 3rd Read above, the Government have agreed in principle for the extension of Government Guarantee for the additional loan of Rs.3514.67 Crs from the Rural Electrification Corporation Ltd. towards variation in considering Allied civil works of EM & HM works, GST, price escalation and change in scope for the items for IFFC, Devadula& SRLIP.

4. In the reference 4th read above, the Managing Director, TSWRIDCL, Hyderabad has stated that REC Ltd. has sanctioned the additional loan of Rs.3514.67 Crs to M/s TSWRIDCL and also extension in completion period along with consequential shift in repayment schedule in respect of 3 no of projects under the following schemes and requested to accord approval of the terms and conditions for the said additional loan sanctioned by the REC Ltd. to TSWRIDCL.

S. No.	Project Name	Additional Loan Amount (in Rs. Crores)	Revised Completion Date
1.	Indiramma Flood Flow Canal (IFFC)	804.28	01.04.2022
2.	J. Chokkarao - Devadula Lift Irrigation project	1485.20	01.04.2022
3.	Sita Rama Lift Irrigation Project	1225.196	01.04.2023
Total		3514.67	

5. Government after careful consideration of the matter, hereby accord approval of the terms and conditions for the additional loan sanctioned by the REC Ltd. to TSWRIDCL for an amount of Rs.3514.67 Crs (Rupees three thousand five hundred fourteen crores and sixty seven lakhs only) towards variation in considering Allied civil works of EM & HM works, GST, price escalation and change in scope for the items for IFFC, Devadula& SRLIP. The terms and conditions are annexed to this order.

P.T.O

//2//

6. The Managing Director, TSWRIDCL, Hyderabad shall take necessary action accordingly.

**DR. RAJAT KUMAR
PRINCIPAL SECRETARY TO GOVERNMENT**

To
The Managing Director, TSWRIDCL, Hyderabad.
The Engineer-in-Chief (Irrigation), Hyderabad

Copy to:

The Accountant General, Hyderabad.
The Director of Treasuries and Accounts, Hyderabad.
PS to Chief Secretary
PS to Secretary to Hon'ble CM.
PS to Principal Secretary to Government, I&CAD Dept.
The Rural Electrification Corporation Ltd.,
The Finance (DCM) Department.
Sf/Sc

//FORWARDED::BY ORDER//

SECTION OFFICER

ANNEXURE TO G.O. RT. NO.291, I&CAD (PROJECTS-III) DEPARTMENT,
DATED.29-11-2020

Terms & Conditions

1. Security:

The loan shall be guaranteed fully, unconditionally & irrevocably by the guarantee of Govt. of Telangana for the 100% loan amount. The Government Guarantee shall be provided to the Corporation before first disbursement of the loan.

The Borrower shall undertake that if, at any time during the subsistence of this Agreement, the Corporation is of the opinion that the security provided by the Borrower has become inadequate to cover the balance of the loans then outstanding, the Borrower shall provide and furnish to the Corporation additional security as may be acceptable to the Corporation to cover such deficiency,

2. Rate of Interest:

- a. *Interest Rate:* REC circular interest rate as applicable to borrower. (Present REC circular rate for borrower (i.e. for distribution schemes of A+ category borrower) is 10.75% p.a. on quarterly rest (i.e. 10.66% p.a. on monthly rest) with 3 year reset.
- b. The Interest shall be payable by the borrower on monthly basis. The 1st 'Interest Due Date' shall be the first day of the month following the month in which the first disbursement is made and all subsequent 'Interest Due Dates' shall be the first day of every month till the full Loan amount along with all other dues are paid back to REC. There will not be any moratorium for payment of interest. All interest and their cost, charges, expenses shall accrue on daily basis and be calculated on the basis of actual number of days elapsed and an year of 365 days.
- c. Notwithstanding anything stated hereinbefore, it will be open to REC to periodically reduce or enhance the rate of interest in respect of loan instalments not disbursed up to the date of such revision. The revision in the rate of interest shall take effect from such date as may be notified by REC.

3. Loan period:

Repayment shall be 12 years (48 equal quarterly installments). The first repayment dates in respect of the following projects shall be as follows:

Sl. No.	Project Name	Repayment Start Date
1	Indiramma Flood Flow Canal (IFFC)	01.01.2023
2	JCRDLIS	01.01.2023
3	Sita Rama Lift Irrigation Project	01.01.2024

The above repayment schedule shall be applicable for the original as well as the additional loan sanctioned towards the respective projects.

Interest shall be serviced on monthly basis with no moratorium period.

4. Mode of repayment:

1st 'Loan Repayment Due Date' shall be first day of the quarter following the quarter in which the moratorium period ends and all subsequent 'Loan Repayment Due Dates' shall be first day of each following quarter till the entire loan amount along with interest & all other dues are repaid to REC in full.

- 5. The sanction shall be valid for a period of six months from the date of sanction letter. However, REC can extend the validity period on the request of the borrower after being satisfied of the reasons of delay furnished by the Borrower.
- 6. TSWRIDC shall clear the over dues, if any, to REC before start of disbursement.
- 7. TSWRIDC shall give an undertaking to the effect that the loan obtained from REC will be utilized exclusively for the purpose for which it is released and will also have to take necessary steps to ensure such utilization.
- 8. The borrower shall, before the disbursement of loan, shall furnish a quarterly drawl schedule in the prescribed form.

9. Miscellaneous Conditions:

- a. TSWRIDC shall execute such Agreements and documents as are prescribed for the purpose by REC.
- b. TSWRIDC shall furnish a resolution passed by its Board to borrow from REC a Loan of Rs. 3,514.67 Cr. as per the terms and conditions prescribed by REC.

- c. The amount of loan shall be released in tranches on execution of documents and complying with all terms and conditions specified for the loan.
- d. A Memorandum of Agreement (MOA) i.e. Loan Agreement and other documents in the prescribed format shall be executed between the Borrower and REC before release of loan amount by REC.
- e. The amount due (both interest payment as well as principal repayment) shall be paid by way of Demand Draft/ remittance in REC account at New Delhi under advice to this office. Remittance of each installment of interest and principal repayment shall be so paid to enable its credit in REC Account on due date. Bank charges/ collection charges and other expenses shall be fully borne by TSWRIDC. If due date is a bank holiday at the recipient branch, the borrower has to remit the amount on the following working day. Any payment(s) received before the due date shall be deemed to have been received on the due date only.
- f. The loans shall also be subject to further terms & conditions as incorporated in the format of Memorandum of Agreement/Other documents to be executed by TSWRIDC.
- g. REC shall be fully empowered not to disburse any further loan, if it is found to its satisfaction that the loan or the loans already disbursed have not been properly utilized or obligation and commitment to REC in terms of provisions of the agreement are not fully met.
- h. In the event of any installment of interest or of the principal, not being paid to REC by TSWRIDC on the due dates, TSWRIDC shall pay to REC a penal rate of compound interest (which is presently 2% p.a.) at the applicable rates as per REC circulars, over and above and in addition to the rate of interest stated herein above.
- i. TSWRIDC shall also furnish to REC such reports on its working either in general or in specific relation to the sanction of this loan by REC in the manner prescribed by REC from time to time.
- j. Borrower shall comply with any other condition that may be stipulated by REC to ensure and get satisfied that the loan amount granted is utilized only for the purpose for which it is intended. It will be open to REC to depute its officers and other staff for inspection of matters relating to this loan and its purpose and the inspection staff shall have access to such books, records and stores of the TSWRIDC as may be deemed necessary by the inspection staff.
- k. REC also reserves its right to adjust/appropriate from any remittances made by the Borrower for the following dues under this loan as well as under any other Loan availed by the Borrower in the following order unless otherwise agreed.
 - i. All costs, charges, expenses, losses, applicable taxes, statutory duties and TDS and other moneys being due from the Borrower;
 - ii. Interest on costs, charges, expenses, losses, applicable taxes, statutory duties and TDS and other moneys. If any;
 - iii. Penal and/or Additional Interest including interest tax, if any;
 - iv. Any overdue Interest including interest tax, if any;
 - v. Any due Interest including interest tax, if any;
 - vi. Repayment of Principal falling due; and surplus remaining out of above, if any, shall be retained as an advance receipt of next falling due Interest and/or Principal instalment.
- l. Any prepayment of the Loan by the Borrower shall not be permitted except with the prior consent of REC and on such terms and conditions as may be decided by REC including payment of premium as per the policy of REC as may be applicable from time to time.
- m. Notwithstanding anything stated above, REC reserves the right to cancel the commitments i.e. sanction loan amount or stand by facilities and credit lines, either fully or partially, unconditionally without prior notice at anytime or stipulate any condition as deemed fit.
- n. The Borrower shall not raise borrowings from any other sources for meeting the cost of equipment/materials/works financed through this loan.
- o. The Borrower shall take all necessary steps to ensure that the project is completed within the timelines mentioned below or such other date as may be agreed to by the Corporation:

S. No.	Project Name	Revised Completion Date
1.	Indiramma Flood Flow Canal (IFFC)	01.04.2022
2.	J. Chokkarao - Devadula Lift Irrigation project	01.04.2022
3.	Sita Rama Lift Irrigation Project	01.04.2023

- p. The Borrower shall furnish periodic progress reports from time to time.
- q. **SALE/TRANSFER/ ABANDONING OF THE PROJECT BY THE BORROWER**
 - i. The Borrower must be and continue to be the owner and in physical possession of the project at the time of execution of Memorandum of Agreement, disbursement of each instalment of loan amount and till all the moneys due to the Corporation are fully liquidated by the Borrower.
 - ii. The Borrower shall not sell/transfer or abandon the project at any stage in any manner without prior written consent of the Corporation. In case at any stage or on a future date, the project is proposed to be transferred to any other organization or to be abandoned, the borrower shall seek prior consent of the Corporation before any such transfer is affected and in such case, the Corporation reserves the right to recall the loan with all outstanding dues including prepayment premium as applicable from time to time.
- r. **RIGHT TO ASSIGN / TRANSFER THE LOAN TO OTHER FIS, BANKS & ARCS**
During the currency of the loan, REC shall have the right to assign all or any of its obligations or transfer the loan to any other Financial Institution(s), Bank(s), Asset Reconstruction Company(ies) Without the consent of the borrower.
- s. The borrower shall during the currency of loans bear all such imposts, duties and taxes or any other charges as may be levied from time to time by the Government or other authority.
- t. The Borrower shall be bound to follow and give effect to all instructions/ recommendations of the Corporation. Further, REC reserves the right to impose any new conditions that deemed fit to take care of REC's interest during the loan tenure.
- u. The Borrowers shall give an undertaking that any change in its pattern of ownership including shareholding of government shall be subject to prior written approval of REC. Under such cases REC reserves the right to take necessary measures for safeguarding the interest of REC and to stipulate additional conditions including but not restricted to rate of interest, additional security, collateral etc.

SPECIAL TERMS AND CONDITIONS

Pre - Commitment Conditions:

- b) TSWRIDCL shall undertake to seek approval from CWC for the scheme, if required.
- c) TSWRIDCL shall undertake that it will not make any investment in scheme(s) where approval has been denied by CWC.
- d) TSWRIDCL shall submit an undertaking that it shall acquire/obtain and maintain valid possession of land required for the scheme covered under the project throughout the tenor of REC loan.
- e) TSWRIDCL shall submit an undertaking that it shall obtain all statutory and non-statutory clearances/ approvals as required during implementation and operational phases of the proposed project and to comply with the conditions specified therein.
- f) TSWRIDCL shall undertake that there is no duplication /overlapping of works with any other scheme for which funding has been sought from REC/ other banks and FIs.
- g) TSWRIDCL shall undertake to arrange debt from Banks and FIs or budgetary support from Govt. of Telangana for the balance funds required for completion of the project/scheme.
- h) TSWRIDCL shall arrange to submit a confirmation from Govt. of Telangana that provision will be kept in Annual Budget towards repayment and interest obligation of TSWRIDCL towards REC's financial assistance.
- i) TSWRIDCL shall undertake to ensure that at any point of time during the currency of loan tenure, the total equity in the project(s) shall not be lower than 20% of the respective project cost.

Pre-Disbursement Conditions (PDC):

- TSWRIDCL shall submit copies of administrative approvals from Govt. of Telangana in respect of cost and implementation of the respective projects.

- TSWRIDCL shall submit copies of all statutory clearances/approvals required for implementation of the respective projects.
- TSWRIDCL shall undertake that no clearance/approvals, other than those submitted is required for execution and operation of the respective projects and in the event of stoppage of works due to unavailability of any clearance/approval, REC shall have unconditional right to recall the loan/stop disbursement without any prior notice.
- At any stage, if it is discovered that all clearances/approvals have not been obtained in respect of a project, then REC reserves its right to stop disbursement/ recall the entire outstanding loan (including original loan) towards that project. Further, before 1st disbursement, TSWRIDCL shall arrange an undertaking from Govt. of Telangana that in such circumstances, in case the loan is recalled, Govt. of Telangana shall pay the outstanding principal along with all interest & others charges/dues immediately to REC.
- TSWRIDCL shall undertake to adhere and demonstrate that the additional debt tie-up (excluding IDC) towards cost overrun in the project is not more than 10% of the original cost (excluding IDC). The additional debt tie-up shall include this sanction of REC against the project and any other debt tie-up from other lenders towards cost overrun in the project.
- REC disbursement from the loan towards cost overrun shall start only after TSWRIDCL brings in its share of equity for cost overruns; and
- Subsequent to funding cost overruns, the Debt Equity Ratio shall remain 80:20 or improve in favour of the lenders.

DR. RAJAT KUMAR
PRINICPAL SECRETARY TO GOVERNMENT